

Troops Fire on Students

Shah Foes Press Politician To Refuse to Form Cabinet

TEHRAN, Dec. 21 (UPI) — Troops today fired to disperse several hundred student demonstrators on Tehran University campus, and the shah's opponents tried to stymie the monarch's attempts to form a "national reconciliation" government. The opponents contended that they had been told by Ayatollah Ruhollah Khomeini in Paris to block the formation of a government.

Iranian soldiers intervened to stop the student demonstration as several hundred other students and teachers held a sit-in at the university to press political demands.

Troops also intervened today when mourners of a mullah in Tabriz, in western Iran, shouted anti-shah slogans during the mullah's funeral.

But troops were withdrawn yesterday from the central city of Yazd as a sit-in staged by the clergy there continued for the sixth day, reports reaching Tehran said.

Hospital Shooting Protest

The Tehran sit-in was to protest the shooting last week by troops in a hospital in Mashad, northeastern Iran, in which two babies were killed by broken glass and two persons died from gunfire.

Sit-ins were continuing in several other towns, the opposition sources said.

A spokesman for the National Front, a coalition of five opposition parties, said that the exiled ayatollah yesterday called opposition leaders from Paris to block the formation of a civilian cabinet that

the shah had hoped would help end the nation's bloody turmoil. The spokesman said that the ayatollah, the shah's leading opponent, called to discourage political leader Gholam Hossein Sadighi, a former member of the National Front, from forming a cabinet. The front released no further details of the conversation.

Denial of Khomeini

[A spokesman for Mr. Khomeini in Paris denied that the ayatollah had telephoned opposition groups to block formation of a reconciliation government, but said that the ayatollah "maintains his policy of opposing any politician who accepts any position under the rule of the shah."

The National Front wrote to Mr. Sadighi, 73, warning him "not to expect any support from us" if he formed the Cabinet as requested by the shah. It also issued a statement vowing to oppose any attempt to form a government that "supports the illegal monarchy."

The shah conferred on Sunday with Mr. Sadighi, a longtime political foe who was jailed five times for his opposition activities, and sources close to Mr. Sadighi said he had been asked to put together a civilian Cabinet within two weeks to replace the military government that was installed Nov. 5.

A spokesman for Mr. Sadighi said the former interior minister was trying to put together a government of "people who have not served in any government for the past 25 years."

Opposition sources said the shah had accepted two demands that Mr. Sadighi made in return for agreeing to head a new government: the authority to reorganize the SAIR secret police and to manage the day-to-day affairs of the country.

In the southern oil fields, production was reported back up to 3.5 million barrels a day with 60 percent of the striking oil workers returning.

Oil-industry sources said that they considered the crippling oil strike to have been "contained" and that they expected production to return by next week to the normal level of 5.9 million barrels a day.

The first incidence of violence in Tehran in nearly a week broke out yesterday when police, fired on striking merchants in the bazaar. Witnesses said that three merchants were killed.

The army yesterday sealed off the holy city of Qom, 75 miles southwest of Tehran, in an attempt to forestall new violence after a week of relative calm.

Carter Aides Are Accused Of Rejecting Shah Critics

By Seymour M. Hersh

WASHINGTON, Dec. 21 (NYT) — Responding to White House complaints about an intelligence failure in Iran this summer and fall, State Department and CIA officials are accusing key presidential aides of rejecting any criticism of Shah Mohammed Reza Pahlavi.

At the root of the debate over who is to blame for the surprise over the weakening of the shah's regime is a policy that emerged in the mid-1960s forbidding both the State Department and the CIA from making contact with Iranian opposition movements. The ban started, intelligence officials have disclosed, after the shah began to express anxiety about such contacts.

In a series of recent interviews, however, State Department and intelligence officials said that the lack of first-hand information was only one reason for the administration's seeming inability to quickly perceive the extent of the discontent in Iran when the latest wave of demonstrations and violence began in Tehran early last month.

Another element, these sources

said, was the refusal earlier this year of Zbigniew Brzezinski, the president's national security adviser, and other high-level officials to deal with the State Department's analyses and critiques suggesting that the shah was facing growing military, social and economic problems because of his multibillion-dollar program of arms purchases.

In late spring, the sources said, Mr. Brzezinski, with the support of other senior administration officials, refused to permit a State Department review of potential Iranian problems to be placed on the agenda for a Cabinet-level meeting on a package of proposed arms sales to the shah.

Experts in the State Department and CIA said they had agreed to talk openly about intelligence activities in Iran because they were angry and concerned that the White House was seeking to make the intelligence agency a scapegoat, a word used by a number of officials, by suggesting that it had failed to warn President Carter adequately about last month's demonstrations in Iran.

A well-informed CIA official said that the agency's many clandestine operatives in Iran had been ordered to concentrate on obtaining intelligence about the Soviet Union, which shares a long border with Iran, particularly in the 1960s after the shah expressed suspicions that some U.S. agents had established liaison with opposition groups. The official said, "For more than 10 years we've been unable to penetrate the domestic opposition in Iran — it's been a no-no."

A State Department official explained that the department's policy was that "you don't talk to the opposition." "It may not have been written down," he added, "but it was a conscious policy."

Locusts Menace Eastern Africa

NAIROBI, Dec. 21 (AP) — Millions of desert locusts are ready for invasion, the East African Desert Locust Control Organization warned today.

It said that the insects have matured in areas of southern Ethiopia and Somalia and now are threatening to spread destruction there and across northern Kenya, Tanzania, Uganda and Sudan.

The warning indicated that all six countries, plus Djibouti and part of Zaire, are menaced by the worst locust plague in recent years. Measures must be taken urgently to lessen the impact of the invasion, because it is already too late to prevent it, the organization said.



Schoolbus wrapped around the nose of a Spanish train in accident in province of Salamanca.

28 Children Killed in Spanish Train-Bus Collision

MUNOZ, Spain, Dec. 21 (UPI) — A locomotive struck a schoolbus at an ungarded level crossing in Salamanca province today, killing 28 children and injuring 36, railroad authorities said.

The children, all between the ages of 6 and 14, were traveling on the bus to the regional school at San Esteban. The bus was heading to Munoz to pick up the last student.

Surviving children told police that they saw the train coming and warned the driver but he answered, "Don't worry. We have time."

The crossing is at the top of a hill where it is difficult for drivers to see an approaching train, railroad officials told police.

The locomotive hit the bus with such impact that debris was scattered for a radius of 200 meters.

Tests Show 2d Gunman Shot at Kennedy

(Continued from Page 1)

Tests that reached the conclusion, but other sources identified them as Mark Weiss and a colleague from Queens College in New York, both trained in acoustical and electrical engineering. Mr. Weiss was a member of the court-appointed panel that analyzed the long gap on one of President Nixon's Watergate tapes.

An initial study of the Dallas police-radio recording was made for the House committee earlier this year by James Barger, an acoustics expert with the Massachusetts firm of Bolt, Beranek and Newman. In testimony before the committee Sept. 11, he said his work on the tape showed a 50-50 possibility of a fourth shot, from the grassy-knoll area.

Asked for Conclusion

Mr. Weiss and his colleague were asked by the committee to see whether they could reach a more definite conclusion. They concentrated on the third of the four noises that Mr. Barger's studies had identified as possible gunshots.

The third noise had come from the grassy-knoll area where photographic evidence — by itself inconclusive — shows an object behind a fence with a linear object next to it. The object that could not be identified further.

Concentrating on the noise from the grassy knoll, Mr. Weiss and his colleague plotted the echo pattern mathematically and traced every building and other object that it bounced off.

The work was so precise, one source said, that "they could tell us there was probably a boxcar on the [nearby] railroad tracks. They even identified the press box coming around the corner."

The acoustics experts also reportedly fixed the position of the motorcycle and even determined the side of the motorcycle where the microphone was located.

As part of the study, the experts obtained an old, presumably similar, microphone and motorcycle and conducted test firings in New York with the help of New York

police. From those tests, sources said, "They were able to reproduce the sound on the [Dallas] tape."

Rep. Sawyer said that Mr. Barger studied the new data and agreed with the findings. "Barger was there [at the meeting Monday night] and he was totally in concurrence," Rep. Sawyer said.

Rep. Sawyer said he was "probably in hot water" for disclosing testimony taken in executive session, but he said he found himself under detailed questioning during the radio show.

"There was no way I could answer them," he said of his interviewers, "without getting into this."

The new findings leave the committee in a quandary. With its final report due in the next two weeks, Rep. Sawyer said, "I don't know how in the name of heaven we are going to handle this."

Only three cartridge cases were

found near the sixth-floor window of the book depository where Oswald was.

The Warren Commission said that one bullet missed, that another hit Mr. Kennedy in the back of the neck and then wounded Gov. John Connally of Texas, and that a third struck the president in the head.

Panel to Reopen Hearings

WASHINGTON, Dec. 21 (UPI) — The Assassinations Committee will reopen its public hearings next week to examine new evidence suggesting that Oswald may have had an accomplice.

Robert Blakey, the committee's chief counsel, refused to comment on the report, but it was learned that the committee would meet in closed session tomorrow and that at least one public hearing would be held next week.

Israel Raids Lebanon Sites After Terrorist Shellings

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Katunya, a 122-millimeter rocket, has a range of about 15 miles and is considered by weapons experts to be an effective missile against "area targets" such as towns.

After visiting the shelled area, Defense Minister Ezer Weizman said, "The shelling was a reminder of things we'd begun to forget in the quiet reigning in the north in the past months, but after due consideration and evaluation we shall arrive at decisions and carry them out."

Army officials said the rockets were fired from Nabitya and Aukeba, inside Lebanon. Nabitya was described as one of the strongest centers of the PLO. Nabitya is, about 12 miles northwest of Qiryat Shmona, which has a population of about 25,000.

Qiryat Shmona, which over the years has been one of the most shelled towns in Israel, has developed a network of bunkers and has a sophisticated civil-defense system. Many of the town's residents were asleep at the time of the 6:55 a.m. shelling, but others were on their way to work and were hit by shrapnel.

The fatality was a 23-year-old Israeli cabinetmaker who had arrived the day before for reserve Army

Turkey, Finland Sign Exchange Agreement

HELSINKI, Dec. 21 (UPI) — Turkey and Finland signed a five-year cultural exchange agreement today, on the second day of a visit by a Turkish government delegation headed by Premier Bulent Ecevit.

Turkish Foreign Minister Gunduz Oksun and his Finnish counterpart, Paavo Vayrynen, signed the accord, calling for cooperation in science, education, the fine arts and sports.

The probe was equipped with television cameras but Tass did not report whether pictures were sent back.

Tass said that the descent vehicle separated from its mother ship, Venus 12, two days ago, and that as the probe made its final approach, the mother ship flew past the planet at a distance of 21,750 miles (35,000 kilometers) to act as a reflector and bounce back information from the ground to the Earth.

Tass did not explain whether the probe could be reactivated or whether it had been affected by the planet's 900-degree temperature — hot enough to melt zinc — and pressure 90 times greater than that of Earth.

The probe entered the planet's atmosphere at 7 miles per second (11.2 kilometers per second), and its descent was slowed by parachute and braking devices.

During the last 35 miles of descent, the probe measured the composition of the swirling clouds of Venus and studied electrical charges in the atmosphere, Tass said.

The 110-minute transmission was the longest in the Soviet Union's highly successful history of Venus probes, extending by 50 minutes the transmission of Venus 10, which landed Oct. 25, 1975.

The Soviet Union first landed a device on Venus on March 1, 1966, with its Venus 3. It was the first landing of a man-made object on another planet.

Venus 9 sent back the first pictures from Venus' surface on Oct.

Crisis Seen Closer

Italy Communists Renew Call to Set Up Coalition

By Henry Tanner

ROME, Dec. 21 (NYT) — The Italian Communist Party, for the first time in almost a year, yesterday renewed its call for the formation of a "government of national unity" that would include Communist Cabinet ministers.

The statement was made at a news conference by Enrico Berlinguer, the party leader, against a background of growing speculation that Premier Giulio Andreotti's government will fall early next year due to disagreements over internal economic policies.

The government consists of ministers belonging to Mr. Andreotti's Christian Democratic Party, but has stayed in power by gaining the parliamentary support of the Communists, Socialists and two smaller parties. The Communists joined the government last March in exchange for a promise of being able to exert major influence on government decisions.

The Communists have become increasingly unhappy with the arrangement during the last seven months.

A major part of the party's rank-and-file membership and a number of its leaders are known to feel that the arrangement has failed to give the party sufficient power to influence government policies, and that the party must either achieve full membership in the government or reassess its previous role as a militant opposition party.

"We are not pushing for a government crisis... but if it comes, we will propose a coalition government of national unity," Mr. Berlinguer said.

Tough Position

He charged, in effect, that the Andreotti government had failed to respect the agreements it had entered with the Communists and the other parties. And he made clear that the Communists would take a tough position in January when the government's plan for economic austerity is up for parliamentary debate.

A week ago the Communists broke the majority rule by voting against a motion endorsing Mr. Andreotti's decision to take Italy into the newly created European Monetary System as a charter member on Jan. 1.

But no government crisis resulted, because the Socialists, who were also unhappy with Mr. Andreotti's move, abstained.

The Italian Communists and Socialists have taken strong positions for European unity, and neither party wanted to tarnish its good "European image" by precipitating a government crisis on that issue six months before election of delegates to the European Parliament.

As for discussion of the government's internal economic policies, the two parties will feel no such restraints.

Throughout Israel, security has been intensified in the wake of a rash of bombings, most of them in Jerusalem.

Vance, Gromyko Meet on SALT; Delays Are Seen

GENEVA, Dec. 21 (Reuters) — U.S. Secretary of State Cyrus Vance and Soviet Foreign Minister Andrei Gromyko today concluded the first session of a new round of strategic arms limitation talks, but there was uncertainty over whether an accord could be completed this week and open the way for a summit meeting next month between President Carter and Soviet leader Leonid Brezhnev in Washington.

After an exchange of statements by Mr. Vance and Mr. Gromyko, U.S. spokesman Hodding Carter 3d said that the talks may have to be extended for a third day.

U.S. officials appeared to dampen earlier optimism by saying that it was uncertain whether all issues could be resolved during this round. Some members of the Vance team expected the Soviet negotiations to be unyielding for several sessions, with concessions granted only late in the talks.

Officials aboard Mr. Vance's plane told reporters en route to Geneva that this meeting was virtually a now-or-never session, which would end with either success or failure.

Videla Tells U.S. Chile Inflexible

BUENOS AIRES, Dec. 21 (UPI) — Argentine President Jorge Videla sent a letter to President Carter yesterday blaming what he called Chile's inflexibility for the failure to find a solution to the Beagle Channel border dispute.

"The lack of an adequate flexibility on Chile's part has up to this moment blocked any solution," Mr. Videla said in his response to a letter from Mr. Carter, who had expressed concern at the growing tension between the two countries.

U.S. intelligence sources had predicted last weekend that Argentina would occupy some islands in the zone, setting off a war. Chile was awarded three islands in the channel by a British arbitration decision that Argentina rejected.

Chile's claims to territorial waters in the south Atlantic, based on the arbitration decision, are considered totally unacceptable by Argentina.

The 13 pay grades in the firm guarantee at least a party a week, Mrs. Wagner said, and these were generously supplemented by the vacation-departure celebrations, because everyone has a right to two holidays a year.

"The party starts in the morning," she said, "let's say around 10. The rationale for this is that people say they don't want to drink after lunch because then they would drive home with alcohol in their blood. Then everybody goes out for a big lunch and they come back late. The next thing they say is that a digestif would help, and then that it's really too late to get started on work anyway. Finally, everybody leaves a bit early."

Mrs. Wagner, who grew up with the work ethic, says the pressures not to sit at your desk and type a letter are too strong to resist. "You make yourself most unloved by turning up your nose, and the big bosses just look the other way when the parties go on."

Mrs. Wagner is leaving the firm soon. She says it will have no trouble finding a replacement.

Some U.S. correspondents asked him about it.

Whatever apprehensions the Russians have, they are avoiding direct criticism of the United States during a period of sensitive negotiations in Geneva between Secretary of State Cyrus Vance and Foreign Minister Andrei Gromyko, who are trying to conclude a long-sought agreement on limiting strategic arms and to arrange a Carter-Brezhnev meeting for early next year.

Soviet attacks on China have risen sharply, however. Newspaper articles and Tass dispatches have stepped up the war of words over China's activities in southeast Asia, especially its alleged pressure on Vietnam, which signed a friendship treaty with Moscow last fall.

Tonight, Soviet television showed a program called "Maoism: China's Tragedy," stressing the Peking leadership's view that war with the Soviet Union is inevitable and with films portraying Chinese officers as fanatics. Soldiers were shown breaking bricks in half with single blows of their fists, and scaling buildings, like ants, without ropes or tools. If it was meant to be frightening, it succeeded.

Brezhnev Wrote to Carter Of Concern on China Ties

(Continued from Page 1)

Soviet interests and influence — especially in Asia, and possibly in Africa.

The Kremlin foreign-policy adviser, Georgi Arbatov, said there would be "no place for détente" if Washington and Peking formed even an informal alliance. These concerns were apparently reflected in Mr. Brezhnev's message.

The Soviet leader "took notice" of Mr. Carter's pledge not to use a Chinese-U.S. alignment against Soviet interests, Tass said, and Mr. Brezhnev stressed the long-held Soviet view that diplomatic relations are natural among sovereign states. Then Tass continued: "It is another question on what basis the normalization takes place, what aims are pursued by the sides. This question is also natural, especially bearing in mind the quite definite trend of China's present course."

Chinese Vocabulary

"In this connection, the [Brezhnev] reply message draws attention to the fact that the joint American-Chinese communique contains expressions whose direction is beyond doubt, if one bears in mind the usual vocabulary of the Chinese leaders."

"Of course, Brezhnev says in his reply, the Soviet Union will most closely follow what the development of American-Chinese relations will be in practice and from this will draw appropriate conclusions for Soviet policy."

The reference to the communique involved the section that used language with anti-Soviet implications. "Neither should seek hegemony in the Asia-Pacific region or any other region of the world," the communique declared, "and each is opposed to efforts by any other country or group of countries to establish such hegemony."

This is Peking's way of accusing the Russians of attempts to dominate Asia. The Russians also use the term against the Chinese. The lexical endorsement by the United States, however, is something new, and in a document with Peking, it has aroused interest among Western diplomats, who see it as alarming the Russians into thinking Washington plans to lean toward China to counter Soviet interests.

It is not clear whether U.S. experts on the Soviet Union had any hand in the communique. The U.S. Embassy in Moscow was completely left out of the process. Ambassador Malcolm Toon was not even informed in advance that relations would be established — although Soviet Ambassador Anatoli Dobrynin was told at the White House — and Mr. Toon learned of the development the following morning while listening to the news on the Voice of America.

He was not aware of the hegemony clause in the communique until

tensions may last only overnight and some were arrested for the second time today.

Many of those detained "voluntarily" arrest by violating official bans on street protests and climbing unaided into police trucks. This tactic to fill the jails and embarrass the government was used during India's independence struggle with Britain.

Two hijackers who seized control of an Air India Boeing 737 jetliner yesterday to win Mr. Gandhi's release surrendered today after nearly all their 130 hostages escaped from the plane's rear exit. They had threatened the crew and passengers with weapons that turned out to be toy guns and a red cricket-ball "grenade."

They were taken to Lucknow, about 260 miles southeast of New Delhi, where officials said they would be allowed to hold a news conference, meeting one of their demands. No one was hurt in the incident.

Officials of Mrs. Gandhi's Indian Congress Party charged that the hijacking and violence was a plot to discredit the party.

In the northern Indian city of Kanpur, the former prime minister's supporters occupied an income tax branch office and beat several officials. UNI reported that the group, numbering about 150, was dispersed by police.

In West Bengal, 500 Gandhi supporters detained a train for two hours at a station about 80 miles north of Calcutta.

Hussein Delays Return

LONDON, Dec. 21 (UPI) — King Hussein has postponed his return to Amman until tomorrow, Jordan Embassy said today.



Enrico Berlinguer

ropen Monetary System, the Communists and Socialists said it would commit the government to internal economic austerity measures before Parliament had had time to discuss those measures.

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U.S. Rights Group Cuts Staff

Growing Financial Crisis Imperils Work of NAACP

By Steven V. Roberts

NEW YORK, Dec. 21 (NYT) — The National Association for the Advancement of Colored People is being hit by a financial crisis that threatens to strangle one of the leading voices of black America. The official deficit is \$680,000, but sources said that it might reach \$1 million. Sixteen employees, more than 10 percent of the staff, have already been dismissed, and plans to add 10 new employees have been canceled.

The crisis stems from a wide range of causes. Inflation has driven up the cost of everything, from postage to fuel bills. A recent wage settlement gave association employees a large pay boost. Ambitious expansion plans were not matched by fund-raising efforts to cover the added expenditures. Other groups and leaders, from Jesse Jackson of the Urban League to the Rev. Jesse Jackson of the JSH (People United to Save Humanity), have competed for publicity and funds. Congressional decisions and rulings have made it more costly for civil rights groups to pursue legal challenges against Southern school districts. Public support for civil rights activities has gradually ebbed since the fervent days of the 1960s.

View by Whites

"Whites have brought the perdition that we've arrived," said Benjamin Hooks, the association's general counsel. They interpret any additional step as taking something away from them. Benjamin Hooks, the executive director, is: "The national mood is extremely conservative and certainly supportive of programs for the poor and oppressed." Fund-raising drives to close the budget gap have largely failed. More than a dozen phones were recently installed in the board room association headquarters here in the response to a national telephone appeal headed by Hank Aaron, the former baseball player. The phones sit idle all day long. Mr. Hooks, who succeeded Roy Wilkins as the executive director a year ago, acknowledges the problem and dislikes its implications.

Not Rescued From Sea

ALERMO, Sicily, Dec. 21 (AP) — The German pilot of a Cessna executive plane that plunged into the Tyrrhenian Sea two days ago was found alive and rescued today, police reported. They said the pilot, Walter Kellner, was killed by the crew of an Italian seaplane vessel.

"I've been so damn busy I've had no time to do anything else," he said. "I hate fund raising!" At the same time, he insisted, the crisis will not stop the association from speaking out or pressing lawsuits on a wide range of issues. "The NAACP is alive and well," he insisted. Founded 119 years ago, the NAACP reached a peak of influence in 1963, when national attention focused on the civil rights struggle and membership soared to 534,000. But even then, Mr. Hooks recalled, civil rights organizations lived on a shoestring and a prayer. As the decade progressed, civil rights issues seemed to grow more confused and less urgent, and backers of the association, black and white alike, turned to other concerns. Officially the membership dropped to about 430,000, but that includes 140,000 youth and life members who pay virtually no dues.

Brief Surge

Public backing surged briefly two years ago when the NAACP lost a lawsuit brought by white merchants in Fort Gibson, Miss., and needed to post a bond of \$1.6 million to face bankruptcy. The money was raised, but, ironically, that success only pointed up an essential weakness. People need a compelling crisis before they will give and, now, any who donated in the emergency resented being tapped again. In gross figures, fund raising is actually going up, Mr. Hooks noted, but it has lagged far behind inflation. For example, the association budgeted \$100,000 to computerize its membership lists, and has already spent more than \$250,000. Some staff members blame Mr. Hooks for excessive spending, and his well-appointed 12th floor office is referred to scornfully as "the penthouse." Mr. Hooks replies that he inherited most of the spending plans and cannot be held accountable.

Another problem is that congressional riders in recent years have crippled the ability of the government to pursue school desegregation cases. That leaves most of the burden to private litigants, such as the NAACP, who have more work than they can handle. Moreover, the Supreme Court has recently insisted that all plaintiffs prove that a school district has been guilty of intentional discrimination before the courts impose any remedy. "We can still prove these cases," Mr. Jones, the general counsel said, "but the resources required are enormous."



ARIZONA RESCUE — Arizona Highway Patrolman Dick Pruitt lifts gear into helicopter after he became stranded northwest of Phoenix Tuesday in flood after two days of rain.

House Unit Urges Immigration Changes

By Marjorie Hunter

WASHINGTON, Dec. 21 (NYT) — A House committee has proposed major changes in the nation's immigration policies in order to stem the flow of illegal aliens into the United States.

In issuing a report yesterday of its findings and recommendations, the House Select Committee on Immigration and Naturalization said that the immigration situation was potentially explosive.

"What we now have is a chaotic nonpolicy on both legal and illegal immigrants," said Rep. James Scheuer, D-N.Y., chairman of the committee.

The committee made the following recommendations:

- Allocation of funds for stricter enforcement efforts along the U.S.-Mexican border — the entry point for an estimated 60 percent of all illegal immigrants into the United States.

- Increased foreign aid to help Mexico develop family-planning programs and to create jobs in that country in order to reduce pressure to migrate to the United States.

- Increased agricultural and trade concessions to Mexico, along with opening U.S. markets to goods produced by Mexican factories and farms.

- Deportation of any legal immigrant who receives welfare payments within five years after entering the United States.

- Legislation to make U.S. sponsors of legal immigrants financially responsible for their charges.
- Legislation to set up a fraudu-

lent-document laboratory in the Immigration and Naturalization Service to help control the market for counterfeit birth certificates, driver licenses and Social Security cards.

- Legislation to give the INS the right to seize and dispose of vehicles used to smuggle illegal aliens into the United States.

- Expansion of the INS investigative staff to enable it to locate those persons who enter the United States legally as students or tourists and who overstay their visa limits.

- Creation of a \$10-million research program to determine the impact of legal and illegal immigration on social services and the labor force in the United States.

Rep. Scheuer conceded that the total program would be costly, but he said that it would save money in the long run. The committee report carried no specific price tag.

He said that there had been a "shocking lack" of interest in the immigration situation by this and past administrations. He called the immigration proposals offered last year by President Carter "not really serious proposals," because, he said, they were based on "pitiful illusions" about how to handle the problem.

Carter's Plan

The most controversial part of the president's plan called for a two-tier adjustment of status for illegal immigrants.

Those illegal immigrants who could prove they had lived in the United States since Jan. 1, 1970, would be granted permanent resi-

dency status and be allowed to become U.S. citizens after five years.

Those illegal immigrants who lived in the United States since Jan. 1, 1977, would be allowed to remain for five years until a determination was made about their status.

Neither the Senate nor the House acted on the Carter proposals. It is not known now whether the proposals will be resubmitted to the new Congress, which convenes next month.

Other Investigations

The committee report contains little that has not already been known publicly for many years. Other congressional committees — principally a House Judiciary subcommittee — have delved into the muddled U.S. immigration situation.

However, the select committee report is likely to focus attention anew on the problem at a time of growing concern over the number of illegal aliens in the United States. And the report could put pressure on the White House and Congress to provide adequate funds for immigration programs.

No one knows how many illegal aliens or visa abusers are now in the United States. Estimates have ranged from 2 million to 12 million.

Cosmos-1064 Launched

MOSCOW, Dec. 21 (UPI) — The Soviet Union yesterday launched Cosmos-1064, Tass reported today. It said the satellite is designed for the continuation of the exploration of outer space.

Deposited in Banks in Panama

U.S. Locates \$10 Million in Cult Funds

By John M. Crewdson

SAN FRANCISCO, Dec. 21 (NYT) — The Justice Department has located more than \$10 million deposited by the Peoples Temple in banks in Panama and has taken steps to freeze the money, a government source has reported. The funds, on deposit in several Panamanian branch offices of Swiss banks, are believed to represent the majority of the assets amassed by the temple's late founder, the Rev. James Jones.

The government source said he was uncertain just how the Justice Department had learned of the deposits, but added, "when we found out about it, we started diplomatic contact" with the Panamanian government on keeping the deposits intact.

The United States seeks to recover about \$3.5 million in federal funds spent in the last month for the removal of the bodies of hundreds of Mr. Jones' followers from the cult's settlement at Jonestown, Guyana.

Noting that the United States had taken "steps" to freeze the deposits, the government source said "that doesn't mean we can just run down there and get the money — there's probably going to be litigation in the Panamanian courts."

No Claims Allowed

But he said the United States had been assured that none of the temple members still alive could claim the assets until the legal question of ownership had been decided.

Correspondence found at Jonestown, in a suitcase containing several hundred thousand dollars in cash, bequeathed \$7 million to the Communist Party of the Soviet Union. That correspondence reportedly mentioned accounts in the name of the Peoples Temple or its members at branches in Panama of the Swiss Bank Corp. (Overscas) S.A., the Swiss Banking Corp. and the Union Bank of Switzerland.

The Justice Department has been searching for the temple's funds almost from the day Mr. Jones and more than 900 of his followers died, most of them apparently by suicide.

Other sources have said that the State Department had asked the Justice Department to attempt to locate and report on the cult's funds, which, according to some former temple officials, might total up to \$15 million.

The reason for the request, the sources said, was to determine whether sufficient funds would be available to compensate the United States for removing the bodies from Jonestown and transporting them to the Dover (Del.) Air Force Base.

Late last month, a federal grand jury here that is seeking evidence on several aspects of the temple's activities, including the possibility of a conspiracy to murder California Rep. Leo Ryan, who was killed at an airstrip near Jonestown, began issuing subpoenas for the records of banks in several countries, including Canada, where the cult was known to have kept money. Some of those banks are known to have been in Switzerland, and The New York Times last week quoted a government official as saying some or all of the temple's accounts in Switzerland had been emptied.

A Justice Department spokesman said that a former temple official, Terri Buford, and her lawyer, Mark Lane, reportedly had traveled to Switzerland to remove some of the funds from a Zurich bank. Mr. Lane denied, however, that he or Miss Buford, who has said she withdrew from the temple several months ago, had made such a trip or had withdrawn any money.

The lawyer said his client had told the U.S. attorneys here on Dec. 6 that most of \$7.5 million in temple assets with which she was familiar had been transferred from a bank or banks in Switzerland to branch offices in Panama.

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Aid Sought by China, Developing Nations

U.S. Army Engineers Welcomed Abroad

By George C. Wilson

WASHINGTON, Dec. 21 (WP) — The U.S. Army Corps of Engineers has established a beachhead in China with President Carter's blessing and eventually may widen its role to include taming the Yangtze River.

Corps specialists are ending a tour of China during which they presented papers at a symposium in Peking on how to build dams, dig channels and make other improvements in freezing weather.

Li Gen, John Morris, Army chief of engineers, said in an interview that China and other developing nations are turning increasingly through the State Department to the Corps of Engineers for help in developing their waterways.

Agreeing with Marine Corps Commandant Louis Wilson that the developing nations will be in turmoil for the foreseeable future,

Gen. Morris said that developing river basins and making other visible improvements would strengthen progressive governments and relieve tension.

Discussing Projects

Officials in China, South Korea, the Philippines, Indonesia, Saudi Arabia, Oman, Qatar, Nigeria, Gabon and Brazil are among those discussing projects with the Corps of Engineers.

One reason that China and other formerly reluctant nations now are welcoming the Army engineers, Gen. Morris said, is that "they know we're not going to establish a permanent presence."

"They know we're there either to transfer to them physical things from airfields to dams to shopping centers, or to 'transfer' the expertise and knowledge" attained in more than 200 years of engineering in the United States, he said.

"Our idea is to work ourselves out of a job" in those foreign countries and to leave something positive behind, Gen. Morris said.

Although Gen. Morris stressed that the Corps' overseas activities will not diminish its role at home, other specialists said the Third World is spending money for dams and other river development at a time of declining demand for that kind of work in the United States.

'Great Potential'

"Look at a map of the undeveloped world and you can see the great potential for river-basin development," said an Army engineer. He cited the Yangtze and the Niger River as two leading examples.

China's untamed Yangtze is sometimes 50 feet higher in summer than in winter and flows with enough force to double the nation's electricity supply, if the river is harnessed to turbines.

Corps water-power specialists already have visited China to discuss possibilities there. This week, two civilian employees of the Corps, Albert Wuori and Yin-Chao Yen of the cold-weather laboratory in Hanover, N.H., are at a seminar in Peking to present papers on construction techniques for use in freezing weather.

A team of Chinese civil engineers is ending a 54-day study of U.S. waterway projects, including 26 by the Corps of Engineers. The Chinese, according to Army engineers, are interested in developing their inland waterways for transportation and electric power.

Permanent Contribution

Gen. Morris said that if an agreement with Nigeria is signed, "We're going to take the Niger River and develop it for commerce and make it navigable, like we've done for the Mississippi. This would be a [permanent] contribution to Nigeria's transportation capability and economic base."

He said Third World countries with oil earnings to spend, like Saudi Arabia and Nigeria, seem determined to invest those earnings in lasting improvements, not flashy consumer goods.

"Almost every bit of this work that we're doing overseas is being paid for by the countries themselves," in contrast to the period just after World War II when the United States paid for most of the overseas construction, Gen. Morris said.

He said the environmental movement has spread to the Third World, partly because most of the foreign leaders visiting the Corps of Engineers into their countries have been educated in the United States.

"They're very sophisticated," he said of the foreign leaders, declaring that environmental concerns are being addressed as the Corps designs and builds in the Third World.

The commission said in a report that since the former Spanish territory gained independence in 1968, as many as 100,000 persons have escaped to neighboring countries along the west coast of Africa or to Europe.

The report, one of several commission reviews of alleged human rights violations, said the exodus resulted from the policies of President Macias Nguema Biyogo, whom it described as "totally ruthless in liquidating political opponents."

The commission, an organization of lawyers, judges and law professors from 100 Communist countries, said citizens of Equatorial Guinea are detained for giving aid to missionaries, failing to attend government assemblies or mere "discontent."

Thousands Flee W. Africa Ruler, Law Group Says

GENEVA, Dec. 21 (AP) — Nearly one-fourth of the population of Equatorial Guinea may have fled the country in the last 10 years because of large-scale human rights violations, the International Commission of Jurists has charged.

The commission said in a report that since the former Spanish territory gained independence in 1968, as many as 100,000 persons have escaped to neighboring countries along the west coast of Africa or to Europe.

The report, one of several commission reviews of alleged human rights violations, said the exodus resulted from the policies of President Macias Nguema Biyogo, whom it described as "totally ruthless in liquidating political opponents."

The commission, an organization of lawyers, judges and law professors from 100 Communist countries, said citizens of Equatorial Guinea are detained for giving aid to missionaries, failing to attend government assemblies or mere "discontent."

Muzorewa Ex-Aide

Is Slain in Rhodesia

SALISBURY, Rhodesia, Dec. 21 (Reuters) — A former leading member of Bishop Abel Muzorewa's United African National Council has been slain, police reported.

The Rev. Arthur Kanodoreka, 48, was found critically wounded in a bullet-riddled car 40 kilometers from Salisbury on Monday and later died in a hospital, the police said. He recently had been trying to work out a plan to overcome differences between nationalist leaders.

Black Preacher Is Whipped for Rights Speech

CULLMAN, Ala., Dec. 21 (NYT) — A black preacher was abducted on a highway near here, dragged into the woods and whipped last Friday after he publicly denounced the rape conviction of Tommy Lee Hines, a mentally retarded black man. The Ku Klux Klan said yesterday that Klansmen were responsible.

The FBI yesterday interviewed the preacher, Rev. Manuel Whitfield, 30, of Columbus, Ga., who had spoken for several hours from the steps of the Cullman County Courthouse. He refused to press charges, saying, "It isn't the Christian thing to do." He returned to Columbus but said he planned to come back to Alabama.

Bill McGlocklin of Decatur, second in command of the Ku Klux Klan in Alabama, said: "He had no business in Cullman. Maybe he'll think twice and stay out of another man's town."

Hines, 26, was given a 30-year sentence after conviction for the rape of a white woman in Decatur. Mr. McGlocklin said that the Klan took a "personal interest" in the Hines case because one of the alleged victims was the wife of a Klansman. Three national civil rights organizations are engaged in a legal battle over who represents Hines in an appeal of the conviction and in two pending rape cases.



Yeomen look on as security guards check the bag of a visitor to the Tower of London.

3 British Soldiers Die in Ulster Machine-Gun Attack

BELFAST, Dec. 21 (UPI) — Three British soldiers were killed today in a machine-gun attack on an infantry platoon in the small Northern Ireland border town of Crossmaglen.

Witnesses said that six troops were patrolling the main street of the town, stopping and checking cars, when a hijacked post-office van roared down the street, the back doors swung open and an unknown number of gunmen opened up with several rounds of rapid fire.

The Provisional wing of the IRA, operating in what is their main stronghold in Northern Ireland, was thought to be responsible for the attack.

Last night the IRA mounted a bomb blitz against six hotels in the province in which nine persons were slightly injured.

Meanwhile, London's 22,000 police officers were working 12-hour shifts in the offensive against IRA bombers, who shook the capital with two car bombs early Monday.

May Have Been Stolen From Treasury

U.S. Missing \$1 Million Worth of Gold

By A.O. Sulzberger Jr.

WASHINGTON, Dec. 21 (NYT) — More than \$1 million worth of gold is missing from the Treasury Department's Assay Office in New York City and may have been stolen, the department said yesterday.

A yearlong investigation, which is continuing, has uncovered "significant irregularities in accounting and management procedures" in the office that may result in "the full truth never being known," according to Robert Caswell, deputy secretary of the Treasury.

The approximately 5,200 troy ounces that cannot be accounted for would be worth about \$1.1 million at the current market price of more than \$200 an ounce.

The Assay Office is the Treasury's only gold-processing and refining plant. The gold was sold to the government by Americans before 1969, when the government stopped buying gold.

Treasury officials acknowledged that the amount of missing gold was a rough estimate and could be higher. They also said that, while it is believed that the gold was lost between 1973 and 1977, the loss could have happened before that.

Storage Center

The Assay Office, which also serves as a storage center, holds about 55 million troy ounces of gold, or almost one-quarter of the nation's supply, according to Joseph Laitin, the Treasury's assistant secretary for public affairs.

Mr. Laitin said that the gold was missing, not from the supply in the Treasury storage center, but from the processing operation. The office processes about 20,000 troy ounces a week.

The Treasury stressed that more than half of the missing gold might have been lost in the normal refining process.

"We don't have anything conclusive yet," said Mr. Laitin, "but what it seems to be, and this is my own evaluation, is they're using the same antiquated management and accounting techniques that they started out with in 1854," the year the Assay Office was started.

Sen. William Proxmire, D-Wis., who first brought allegations of improper procedures to the Treasury secretary, said what had happened was "pilfering by sticky-fingered Treasury employees." Sen. Proxmire, however, provided no concrete evidence for his charge.

Yesterday's disclosure was the second recorded instance in which the United States has lost track of some of its gold stockpile.

Weight and Value of U.S. Gold Are Determined by Assay Office

NEW YORK, Dec. 21 (NYT) — The Treasury's Assay Office here, a landmark in the lower Wall Street area since it was built in 1930, has the job of weighing and evaluating the gold that periodically moves in and out of government possession.

For example, the United States might settle a trade account with a foreign nation by transferring some gold to that country. The gold bars would be assayed and stamped by the Assay Office and then shipped by plane or boat abroad. Or they could be sent a few blocks north to the Federal Reserve Bank of New York, which acts as a depository for a large part of the world's gold, storing it in its basement in the form of gold bars.

If a foreign nation has a debt to the United States to be settled in gold, the metal might be delivered to the Assay Office for evaluation before being sent to Fort Knox, Ky., where the government keeps a large amount of gold, or it might be kept at the Assay Office.

For a fee, the Assay Office also does assaying for private organizations to determine the weight and fineness of gold. It also handles melting and refining for the government.

Its job also involves handling mutilated coins. For example, a spokesman said, auto wreckers send in truckloads of coins found in old cars to be valued by the Assay Office. The wreckers are then reimbursed.

The Assay Office in New York employs about 300 persons. Temptation exists wherever gold is handled. Some gold refiners require that employees handling the metal take showers every night before going home, because there have been instances of stealing gold in the form of dust in the hair or clothing.

Italian Terrorists Mount Attacks In 4 Cities After 13 Are Arrested

ROME, Dec. 21 (UPI) — Terrorists struck in four Italian cities today after police began rounding up suspects believed linked to the Red Brigades gang that kidnapped and killed former Premier Aldo Moro.

The bombings and arson attacks heavily damaged a nightclub and destroyed or damaged 25 automobiles in Rome, damaged a police station in Milan, the home of a businessman near Naples and an apartment building under construction at Bergamo.

Two persons were slightly injured in one of the Rome bombings. Urban guerrillas have staged at-

acks in 21 Italian cities over a six-day period, killing three persons, wounding nine and causing millions of dollars in damage.

Last night, the police raided 27 apartments and a print shop in the northern city of Bologna and arrested 12 men and a woman thought to be members of the First Line urban-guerrilla gang.

Investigators said that the First Line group has close links to the Red Brigades.

The head, which may have been modeled after the Roman emperor Severus Alexander, disappeared during the war from the Villa Borghese park in Rome. The art squad of the optional police said that it was found at the Sotheby art gallery in London and recovered with the help of Scotland Yard.

The second art work is a headless terra-cotta bust that was stolen from a temple dedicated to the goddess Minerva, near Rome. Pieces of a chalice bearing the signature of the Athenian painter Nearchos, from the sixth century B.C., were found with the bust in a trunk searched by police at Rome's Leonardo da Vinci airport. Police said that the trunk was addressed to Zurich.

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Obituaries

Willard Mullin, Acclaimed As a Sports Cartoonist

CORPUS CHRISTI, Texas, Dec. 21 (AP) — Willard Mullin, 76, whose cartoons parodied three generations of sports giants, died here yesterday.

Mr. Mullin, a Florida resident, had been staying with friends here since June. Doctors told him last February that he had terminal lung cancer.

His career spanned 44 years, including more than three decades on the New York World-Telegram, now defunct.

Four years after his retirement in 1967, the National Cartoonists Society honored Mr. Mullin as "Sports Cartoonist of the Century."

"There was never another who combined such news sense and wit and perception with such a comic pen," Red Smith, the sports columnist of The New York Times, wrote in a tribute to Mr. Mullin last July.

Mr. Mullin was a regular contributor to the Saturday Evening Post. He penned front-page cartoons for the Sporting News for years, and he created the cover for a Time magazine story on the New York Mets' first pennant drive in 1969.

"The Brooklyn Bum" was his most famous cartoon, but another coined the phrase "The Miracle of Coogan's Bluff" to describe the New York Giants' come-from-behind rally to defeat the Brooklyn Dodgers for the 1951 National League pennant.

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Mr. Sovland retired in 1963 as editor in chief of Nordisk Tidende, which is published in Brooklyn and distributed in the United States, Canada, Norway and the Far East. He remained at the newspaper as a consultant until his death.

To 1959, he was awarded Norway's Commander of St. Olaf medal for his writings, which included two books, "Along the Highway and Byway" and "Written in the Sand."

Aleksandr A. Arkhangelsky

MOSCOW, Dec. 21 (AP) — Aleksandr A. Arkhangelsky, 85, a pioneer Soviet aircraft designer, died Monday, the newspaper Socialist Industry reported today.

After a visit to the United States in the early 1930s, Mr. Arkhangelsky designed the Soviet Union's first twin-engine high-speed bomber in 1934. After World War II, he helped design the TU-104 jet passenger plane.

Synagogue Burns In Paris Suburb

PARIS, Dec. 21 (AP) — A synagogue in the suburb of Drancy was destroyed by a fire today, and an incendiary device placed in front of a Catholic church in Paris was found before it could explode.

Police said that the fire at the synagogue probably was the work of arsonists. No one claimed responsibility for the attack. Drancy was the location of a German transit camp for Jews during World War II. It was there that many French Jews were gathered for transportation to German concentration camps.

In the other incident, police said that two containers of camping gas placed on a plastic container of gasoline were put in front of the door of the church of St. Nicholas du Chardonnet and that the gasoline was set afire. However, a watchman discovered the device and put out the fire before the containers of gas could explode.

Carl Soyland

NEW YORK, Dec. 21 (AP) — Carl Soyland, 84, former editor of the Norwegian-language newspaper Nordisk Tidende, has died at his home in Brooklyn.

New Whaling Restrictions Are Set at Tokyo Meeting

TOKYO, Dec. 21 (AP) — Whaling was made illegal in a vast area to the south and west of Australia, and next year's quota of sperm whales in the North Pacific was cut to 59 percent of this year's catch at a special session of the International Whaling Commission yesterday.

The Soviet and Japanese delegations formally agreed not to take whales from the Australian area although theoretically the fleets of the two remaining major whaling nations could have taken over a small Australian quota. Australia has decided to do away with its only land-based whaling operation.

The 17 members of the commission, however, did not go so far as to adopt a U.S.-backed move to limit the North Pacific sperm whale catch to males only. Conservationists have been asking for the protection of female sperm whales in order to allow for a building-up of the depleted sperm whale population.

The special session of the IWC had to be called because no agreement was reached on the proposal of a zero quota for females at the regular conference in London in June.

Last-Minute Compromise

The special session arrived at a last-minute compromise. The total quota was cut to 3,800 from this year's 6,444 and a formula was adopted allowing whalers to catch 437 females, a figure that amounts to 11.5 percent of the total.

The species prized for its oil, which is used as a high-grade lubricant. The males grow in length to more than 40 feet but the females generally are less than 36 feet long. Japan exported about 3,600 tons of sperm-whale oil last year. Unlike baleen whales, sperm whales are not used for food.

Conservationists have been asking for international protection of the sperm whale. Lew Regenstein, representative of the Washington-based Fund for Animals said after the meeting that the 3,800-head quota is not bad considering that the IWC has consistently given whaling nations higher quotas than the previous year's catches.

A Japanese delegate said: "We are not satisfied with the quota cuts." The Japanese explained that the decline in the quota will be bad news for Japanese fishermen still engaged in whaling.

France Lifts Ban On Cohn-Bendit

PARIS, Dec. 21 (AP) — The government announced today that it was permitting Daniel Cohn-Bendit, a leader of the 1968 French student uprising, to return to France, after it had banned his entry for 10 years.

Mr. Cohn-Bendit, 33, said in a telephone interview that he was pleased at the Interior Ministry's decision. But he added that he did not know when he would return.

Mr. Cohn-Bendit, who won the sobriquet Danny the Red during the leftist-inspired rioting of 1968, is French-born but a West German citizen. He has lived in Frankfurt since French authorities deported him in the wake of the riots.

Strong Quake Hits Chile

SANTIAGO, Dec. 21 (UPI) — A strong earthquake jolted southern Chile late yesterday, but initial police reports indicated that there were no casualties and that damage was light. Police said the quake snapped telephone and electric lines in Concepcion, but the situation was "normalizing."

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SPORTING CLUB CABARET
HOTEL DE PARIS
THE MAONA
"NEW YEAR'S EVE CELEBRATION"

WEDNESDAY, JANUARY 3
THE CABARET
"DINER DES ROIS"

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Theater in Paris

A Lavish 'Heartbreak House'

By Thomas Quinn Curtiss

PARIS, Dec. 21 (IHT) — The principal personage of the spacious production of "Heartbreak House" — "La Maison des Coeurs Brisés" at the Theatre de la Ville — George Bernard Shaw. More than any of the players, he is its shining light. Not only does his broad manipulation of his marionettes bestow upon them the illusion of reality, but, serving as ventriloquist and unseen master of ceremonies, he leads the discussions and settles the arguments insofar as they are settled.

Where the myopic propagandist-playwright sees all from a single, red stand, the artist-playwright with sweeping glance includes wide outlooks. Shaw, an author of broad interests and versatility, wild and often did present a contrasting viewpoints and wit-contrast them.

He called "Heartbreak House" a fantasia in the Russian manner on English themes; it was Shaw's family play and in the judgment of his finest. Written in early 1914, it was completed before the end of World War I and is eerily prophetic, picturing the coming twilight of England's greatness and predicting the com-
 ede-became. Shaw maintained that it was untouched during the war, and it was given its premiere by the Theatre Guild of New York in 1920. Later, when seen in London, it was quite rudely dismissed as "Heartbreak House."

Nimble Life

Yet 60 years later it retains nimble life and says much that is so timely pertinent that it might be seen for a sinister prologue to World War III. Its lovely mood of being glory is Chekhovian, but, instead of Shaw, opinions battle in opinions, and the dialogue is a bit of wit and wisdom illuminating here and there with sudden flashes of lyric beauty.

The present "Heartbreak House" has been accorded a Cecil de Mille production. The ship-like hall, Capt. Shotover's Sussex resi-
 dence is a towering edifice con-
 sidered by Romanian designers
 and Miruna Borzescu, and
 an impressive decor as the sea-
 has witnessed; the matching
 den setting, with its rear view of
 galleon-like house, is equally
 imposing.

The effects are, in the language
 of the movies, simply colossal. The
 zepplin raid of the finale is of
 cinematic proportions, and the
 entire production appears to have
 been prepared for the wide screen.

The acting is passable, but not
 always accurate. Jean Mercure is an
 able player and a loyal Shavian, as
 his staging of "The Doctor's Dilem-
 ma" has attested. Of slight stature,
 he bears no resemblance to the big,
 bellowing old salt that one imag-
 ines the retired sea captain to be.
 Still, he delivers his fiery lines with
 resounding crackle. In certain Ger-
 man versions, Shotover was made
 up to resemble the bewhiskered
 Shaw, just as it was policy for the
 protagonist of Tolstoy's "The Light
 That Shines in Darkness" to doll
 up as Tolstoy. Mercure sagaciously
 eschews the disguise, probably re-
 garding it as superfluous, since
 Shaw is ever present.

Claude Gensac's Lady Uter-
 word, Nadia Barentin's Mrs.
 Flusshabye (she has become Ma-
 dame Dodo in translation), Magali
 Renou's "Elite" and Jean-Pierre
 Aumont's vain male chauvinist are
 best in support. The spectacular
 staging has made "Heartbreak
 House" into an exciting show, but
 the play is still the thing.

In the French-speaking theater,
 Shaw was long neglected — an
 oversight for which he was largely
 responsible. He entrusted the trans-
 lations of his plays to two Belgian
 socialist friends, the Hamons. They
 may have been good friends and
 good socialists, but they knew
 nothing of the theater and transla-
 tion. One of their notorious gaffes
 was his translation of "You Nev-
 er Can Tell" as "On Ne Peut
 Jamais Dire" — a title suggesting a
 speech defect.

You are guaranteed an entertain-
 ing evening at the Theatre de la
 Bruyere. The play, "Les Folies du
 Samedi Soir," is a humorous ac-
 count of two mature bachelor girls
 on the hunt for male companionship.
 It has been adapted by Marcel
 Mithois, author of the record-
 breaking "Croque-Monsieur," from
 an American script by Gene Stone.

Of slender substance, though
 constantly funny and filled with
 surprises, "Folies" benefits enor-
 mously from its attractive per-
 formances. Its two actresses,
 Odette Laure (who has a singular
 comic approach) and Martine Sar-
 celey, have both won the Dussane
 Prize as comedienne — Miss Sar-
 celey this year and Miss Laure last.

Jacques Rosny and Pierre Ma-
 guelon are the wanted men, and
 this quartet of interpreters are in
 perfect harmony throughout. The
 combination of adroit adaptation
 and exuberant playing results in
 first-rate theater.

"Pas La Bouche Pleine" (nightly
 at 10 at the cafe-theater Le Coupe-
 Chou) is also from a U.S. source,
 Philippe March having translated
 from a sketch by Roger Hirsion.
 This is a Grand Guignolish playlet
 in which a defense lawyer inter-
 views in her prison cell a woman
 who has slain her husband for, at
 first, unknown reasons.

As he tries to sum up the evi-
 dence in her favor he becomes in-
 creasingly the captive of his client,
 who weaves a sinister web about
 him. The piece is an engrossing
 thriller, and its intensity is greatly
 strengthened by the duo of its cast
 — the alluring Gaby Sylvia is her
 prey. Andreas Voutsinas' direc-
 tion extracts the maximum effect
 from this singular shocker.

Opera in Italy

Complete 'Norma' in Florence Called a Failure

By William Weaver

FLORENCE, Dec. 21 (IHT) —

The winter opera season at the

Teatro Comunale here opened with

a gala performance of Bellini's

"Norma." This was a new produc-

tion and in some respects a new

opera, because conductor Riccardo

Muti used the recently made re-

vision of the score, prepared by

Robbins Landon and G. von Noe from

the autograph.

True to his familiar scrupulous-

ness, Muti also conducted the score

without cuts. Many people in the

capacity audience heard some of

the music (especially the second

verses of most arias) for the first

time. The stage orchestra was also

given more employment than usual,

often to striking effect.

From the overture, which Muti

took at a hectic pace, it was obvi-

ous that the conductor meant to

Verdianize the opera. Sometimes his

excitement worked and heightened

the drama, but at other moments —

the great Norma-Adalgisa duet, for

example — excess speed led to a

sacrifice of clarity. The final open-

ing-night impression Tuesday was

of disjointed patchiness.

Much of the fault, however, lay

with the protagonist, Renata Scot-

to's Norma, who was wildly mis-

cast as Polline. In the crucial

three-way confrontation in

Norma's house, he actually sat

down on Norma's smart Empire

sofa at the moment of supreme

emotion.

The chorus, badly placed off-

stage, sang well, but the sound —

artificially relayed — was poor. The

Sharps and Flats

PARIS — The Stars of Faith,

Jerome Van Jones, Lavelle, Sugar

Blue and Johnny and Edna are all

at the Theatre de Ranelagh Dec. 23

at 5 p.m. The concert is being pre-

sented by Maurice Cullaz, a pro-

ducer for the radio station France

Musique. The Colonne Ensemble

is at the T.E.P. Dec. 26-29 at 8 p.m.

Appearing nightly are: Kenny

Clarke, Lou Bennett, and Jimmy

Gourley at the Club St. Germain:

Chet Baker and Luther Allison at

the Chapelle des Lombards; Hal

Singer at the Caveau de la

Huchette; Steve Lacy at the Cam-

pagne Premiere; Aaron Bridgers at

the Club House; Joe Turner at the

Calavados and Joe Dassin and

Romain Boulet at the Olympia.

Marilyn Johnson, one of the

leads of the hit musical "Harlem-

Années 30," is doubling at Le Che-

valier du Temple Wednesday and

Friday evenings after the show.

Three musicians from the show,

Longioeu Parsons, Gene Ghee and

Tony Viscardo, are playing there

Tuesdays and Saturdays.

COPENHAGEN — Sammy

Davis Jr. will be at the Falkoner

Theatre Dec. 29 at 8 p.m.

LONDON — Sham 69 will be at

the Rainbow Theatre Dec. 27 at 7

p.m. Rod Stewart will be at the

Olympia Dec. 28-30.

ON TOUR — The Delta

Rhythm Boys are in Helsinki at the

Kalastajatorpa through Jan. 6, but

do a two-night stand at the Amster-

dam Hilton Dec. 25-26.

— FRANK VAN BRAKLE



Theatre de la Ville's staging of "Heartbreak House."

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— FRANK VAN BRAKLE

The London Stage

Shaw's Lovable 'Millionairess'

By John Walker

LONDON, Dec. 21 (IHT) —

George Bernard Shaw's "The

Millionairess" is his most frivolous

play, a late jeu d'esprit that shows

the sort of woman he most

admired: strong-willed, determined

to have her own way, impervious

to reason, insistent upon managing

others and totally exasperating in

her sheer bloody-mindedness.

What makes all these qualities

instantly lovable, or at worst smil-

ingly tolerable to others, is that the

woman is rich enough to buy

everything and everybody.

Her saving grace for a theater au-

dience is that she has Shavian com-

mon sense, which, in the offhand

farical complications of the plot,

passes for wit.

At the Haymarket, Epifania

Fitzfassenen — to give this terri-

ble woman a couple of her dreadful

names — is acted with immense

skill by Penelope Keith, the English

stage's finest purveyor of steely

gentility; despite an impishness

on the point of boiling over, she

can convey a sense of vulnerability.

The amount of meaning she can

convey in one little line — "You

are having an adventure" — is

amazing. It becomes full of excite-

ment and danger when she puts it

to a doctor she has chosen as her

next husband just after having

thrown a failed suitor down a flight

of stairs.

Such sudden outbursts of action

pass for a plot: In his old-age

doubt, Shaw resorted to women

knocking down men while he got

on with the main business of debat-

ing with himself and the audience.

Here, though, he was content to

set Epifania rampaging through so-

cial situations, from meetings with

her husband's mistress, to seeking

employment for the sake of amuse-

ment, although there are character-

istic Shavian asides on the law,

medicine and the reason the poor

stay that way.

Miss Keith, as a hostess you

would most like to avoid, just

about justifies this revival. And

there is some excellent support

from Nigel Hawthorne as a weary

solicitor and Charles Kay as her

next victim, content to trust in

Allah's master plan.

At the Vaudeville Theatre, Pat-

rick Garland's adaptation of

Thomas Hardy's "Under the

1500 1000

BUSINESS

INTERNATIONAL
Herald Tribune

FINANCE

Published with The New York Times and The Washington Post

PARIS, FRIDAY, DECEMBER 22, 1978

Page 7

Farm Pricing Perils EMS Start on Jan. 1

BRUSSELS, Dec. 21 (AP-DJ) — The European Economic Community's agriculture ministers decided on the introduction of the EMS, the European currency unit, to the community's farm-price system may place the scheduled start of the new European Monetary System (EMS) in jeopardy, common Market officials said yesterday.

After a lengthy session, agriculture ministers rejected a French request for a devaluation of the franc by 3.6 percent and refused to go along with French proposals for a firm, stable but gradually declining monetary Compensatory Amounts (CA) used to offset currency fluctuations in community farm prices. "Green" currency rates, which vary from actual market rates from the currencies, are used to translate common farm prices in the community into national currencies.

Japan, Swiss Reach MTN Agreement

GENEVA, Dec. 21 (AP-DJ) — Japan and Switzerland concluded a bilateral trade agreement on future trade concessions involving a wide range of products, the two nations announced here today.

It was the fourth such bilateral agreement made by Japan within 99-nation Multilateral Trade negotiations here. Similar "understandings" with the United States, Japan, and Finland were announced earlier this week.

Details of these understandings, which may be changed to adapt to changing interests of other countries, are not revealed.

Meanwhile, the United States completed agreements with West Germany and Austria on all issues concerning their commercial relations that come within the framework of the talks.

The joint United States-Austria and United States-Switzerland understandings, which stress that the countries would exert their "efforts" to avoid seeing their trade modified significantly by changes from it.

The "comprehensive understanding" reached in each case, as in the case with Japan, covers an exchange of concessions on tariffs and other barriers to trade on both bilateral and agricultural products.

Dollar Stages Sharp Rebound In Thin Trade

LONDON, Dec. 21 (AP-DJ) — Greatly reduced turnover in Europe's foreign exchange market helped the dollar stage a sharp recovery today.

Because limited demand for dollars developed, possibly as a result of profit-taking on the currency's recent decline, the dollar rose sharply. Also helping to lift the dollar was a further rise in short-term Eurodollar interest rates. The one-month interbank rate rose to 12.06 percent offered at midday from 10.75 percent the day before while the three-month rate moved up to 12.31 percent offered from 12 percent.

Central bank activity in the market was minimal. Sources said the combined net dollar purchases of European central banks came to only \$33 million, with the Swiss National Bank accounting for \$30 million.

In trading for Deutsche marks, the dollar finished at 1.8588 in London dealings, up from 1.8385. It also rose to 1.6545 Swiss francs from 1.6418. Against the yen, it moved up to 194.80 from 194.30. It rose to 4.2625 French francs from 4.2025, Sterling ended at \$1.9972, down from \$2.0115.

U.S. Gold at \$214.17
WASHINGTON, Dec. 21 (AP-DJ) — The U.S. Treasury sold 1.5 million ounces of fine gold at an average of \$214.17 an ounce, it said late Tuesday.

In London, gold closed today at \$213 an ounce, down from \$215.65 an ounce yesterday.

The Treasury said there were 16 successful bidders at prices ranging from \$212 to \$217.50 an ounce. A total of 261 bids were submitted by 29 bidders for a total of 2.7 million ounces ranging from \$99.78 to \$217.50 an ounce.

**3 Increases
9 Billion DM
W. Germany**
FRANKFURT, Dec. 21 (AP-DJ) — The West German widely used money supply (M-3) rose a primary seasonally adjusted 8.9 percent in November.

Compared with an increase of 7.7 billion DM in October and 7.7 billion DM rise in November 1977, the Bundesbank said the central bank said that at a seasonally adjusted annual rate the money supply in the six months ended November rose 17.3 percent and a 15.4 percent rise in the six months ended October and a 14.2 percent growth in the end-November 1977 period.

The Bundesbank has said earlier a 8 percent for the year had not been reached and the annual growth would most likely be 8 percent. In December, Bundesbank president Oskar Emminger said the bank would adapt a 6 to 9 percent for its 1979 money supply target.



SINO-U.S. TRADE GOES BETTER WITH — Coca-Cola, the soft-drink giant, is about to make its re-entry into the Chinese market after 30 years. The "Very Refreshing" label above depicts a prototype of the 6½-ounce, returnable bottle that will let the Mainland pause to refresh.

AT&T Profits in Quarter Advance to \$1.36 Billion

By William H. Jones

NEW YORK, Dec. 21 (WP) — American Telephone & Telegraph reported yesterday \$1.36 billion in profits for the quarter ended Nov. 30, despite setting aside a substantial sum of funds for taxes and customer refunds in a controversial California case.

And, chairman John DeButts said, AT&T is conducting negotiations with the Soviet Union on the construction of two major manufacturing facilities. With telephone messages running last month at an annual rate of 15.1 billion — the highest in Bell System history — he was emphatic in stating that a recession next year or in 1980 appears improbable.

"While greater oil prices will have an impact, it won't be so great as was indicated by the reaction of the marketplace" earlier this week, he said, referring to the decision of oil-producing nations to boost oil prices next year by 14.5 percent.

AT&T's earnings help explain the relative optimism at the Bell System headquarters here. In the past three months, profits were \$1.36 billion (\$1.97 a share) compared with \$1.15 billion (\$1.74) in the same quarter of 1977. Revenues soared to \$10.6 billion from \$9.4 billion.

For the 12-month period ended Nov. 30, the nation's largest business enterprise (in terms of assets, employees and investment) earned \$5.24 billion (\$7.71 a share), compared with \$4.4 billion (\$6.76) and revenues rose to \$40.7 billion from \$36 billion.

As impressive as these figures are, they mask an actual decline in quarterly earnings per share when compared with two prior periods in 1978 — the result of a decision to set aside funds for the California case involving AT&T subsidiary Pacific Telephone & Telegraph Co.

The cumulative effect was to lower AT&T profits by \$71 million for the latest 12-month period, by \$62 million for the prior 12 months and by \$80 million for the period of 1974 through Nov. 30, 1976.

California's Public Utility Commission has ordered Pacific Telephone to lower rates and make refunds, after finding that the customers and not the firm should benefit from income tax benefits of accelerated depreciation and the federal investment tax credit — benefits that apply to utilities elsewhere. The Supreme Court has declined to review the California action and AT&T yesterday set aside the funds to comply, although resolution of the conflict may take years.

Mr. DeButts, who will retire Jan. 31, said his company will spend a record \$14.8 billion next year to modernize its facilities, an increase of \$1.2 billion from 1978. He cautioned that AT&T may not experience the same rate of growth in demand for communications services next year as today but forecast improved earnings for all of 1979.

Soviet officials, he said, have approved AT&T about building plants to manufacture telephone equipment and he now is seeking approval for the project from the Carter administration. He had no estimate for the cost of the venture but said the Soviet Union would put up the money while AT&T would build the plant, design equipment and train Russian workers.

The General Services Administration said it asked the Federal Communications Commission to investigate what the GSA called excessive earnings by AT&T. AP-Dow Jones reported. GSA administrator Jay Solomon said his agency believes AT&T is earning more than the maximum rate of return the FCC allows. AT&T is allowed a rate of return of between 9.5 and 10 percent, GSA said. Mr. Solomon is urging a 9-percent return.

Company Reports

Revenue, Profits in Millions		
Year	1978	1977
Revenue	1,196.00	670.60
Profits	66.50	82.20
Per Share	0.094	0.1419

FMC

First Half	1978	1977
Revenue	201.65	184.04
Profits	0.61	0.39 loss

(Continued on Page 13, Col. 5)

U.S. \$150,000,000

NATIONAL WESTMINSTER BANK
LIMITED
Floating Rate Capital Notes 1990



In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 21st December, 1978 to 21st June, 1979 the Notes will carry an interest rate of 12½ per annum. The interest payable on the relevant interest payment date, 21st June, 1979 against Coupon No. 2 will be U.S. \$63.19.

By Morgan Guaranty Trust Company of New York, London, Agent Bank

Funds Lift Cash Rate During '78

Bache Survey Cites
Price Volatility Risk

NEW YORK, Dec. 21 (AP-DJ) — Pension funds, the nation's largest single source of buying power in the stock and bond markets, have acted very defensively in 1978 and may generate price volatility as they move into 1979 with their highest level of cash reserves in years.

Estimates are that pension funds raised their cash reserves this year to 15 percent of their assets from 14 percent last year and 7 percent two years ago, as an increasing number of pension-fund managers resorted to "market timing" in their strategies.

"Although we have inadequate history to go on, we suspect that 18 percent liquidity may be some sort of record reserve buying power," contends Frank Block, chief president on portfolio strategy at Bache Halsey Stuart Shields Inc. The current level may have been exceeded at the end of 1978's first quarter, he adds, but "certainly, it is a record for our five-year history of surveys of pension funds."

Negative on Bonds
Mr. Block and an associate, Francine Blum, have just completed their fifth annual survey of pension-fund managers, conducted in late November and early December. The survey covered 145 pension managers at banks, private investment counseling companies, internally managed funds, insurance companies and state and local retirement fund systems. It covered about 70 percent of the nation's 100 largest pension-fund managers, who handle about 70 percent to 80 percent of U.S. pension money.

What the survey suggests to Bache is that pension funds have turned "extremely negative on bonds" and have remained cautious about stocks as they have increasingly fine-tuned their targets for cash reserves and for investments in stocks and bonds.

Among the findings of the Bache survey are:

- About 32 percent of the managers are holding in cash reserves about 25 percent of the assets targeted for investment in bonds, and the average maturity of actual bond portfolios is 10.3 years.

(Continued on Page 10, Col. 5)

U.S. Budget-Ceiling Revision Inevitable

By Art Pine
and Hobart Rowen

WASHINGTON, Dec. 21 (WP) — Inflation and soaring interest rates may push this year's U.S. budget deficit to \$45 billion or more — \$6.3 billion above the ceiling set by Congress, congressional sources said yesterday.

Although much of the rise reflects higher-than-expected interest rates, the increase could make it more difficult for President Carter to slash next year's deficit below \$30 billion, as he has promised.

Congressional sources say it now seems almost certain that Congress will have to revise its budget ceiling next February. The White House also is expected to raise its own estimate of the fiscal 1979 deficit next month. The disclosures came amid these developments:

- In a move thought to signal a further rise in interest rates, Chemical Bank of New York, the nation's sixth largest, raised its prime rate to 11.75 percent, up from 11.5 percent before — barely below the 12 percent high.

NYSE Prices Gain; Factory Orders Off

NEW YORK, Dec. 21 (Reuters) — Prices on the New York Stock Exchange edged narrowly higher in moderate trading today as caution ahead of the weekly money report trimmed earlier gains.

After the close, the Federal Reserve said the M-1 money supply for the week ended Dec. 13 fell \$100 million to \$360.5 billion. M-1 Plus fell \$200 million to \$584.1 billion and M-2 fell \$300 million to \$871.7 billion.

The Commerce Department said new factory orders for durable goods declined a seasonally adjusted 0.9 percent in November (following three months of strong increases). New factory orders fell to an adjusted \$76.23 billion after rising 6 percent in October to an adjusted \$76.98 billion and \$1.5 percent in September to \$72.65 billion. The new orders decline was the first since the 5.3-percent drop in July.

The department reported that new orders for non-defense capital goods — considered a barometer of future plant and equipment spending — fell 10.2 percent to an adjusted \$19.96 billion following a 10.3 percent rise to \$22.22 billion in October.

The Dow Jones industrial average added 1.13 points to 794.79 and advanced led declines 784 to 698. Volume rose to 28.67 million shares from yesterday's 26.52 million. Yesterday, the Dow average rose 3.81 points to 793.66.

SEC Sets New Ruling On Oil, Gas Reserves

WASHINGTON, Dec. 21 (AP-DJ) — The Securities and Exchange Commission adopted a controversial accounting rule that requires oil and gas companies to disclose the current value of their estimated net revenues from production of proven reserves.

Initially, companies will be expected to discuss current value of estimated future net revenues in the narrative portion of their annual reports. But beginning with the annual reports for fiscal 1979 the figures would have to appear in audited financial statements.

Inflation, Interest Lifting '78 Deficit

The new budget estimates for fiscal 1979, prepared by Congressional budget makers, show overall government spending now likely to total \$496 billion — a full \$6.5 billion more than Congress projected last autumn.

About \$4 billion of the increase reflects higher-than-expected interest payments. Of the rest, \$1.5 billion stems from the impact of inflation and a weaker economy, and the remainder from Congressional omissions or program changes.

At the same time, the estimators predict inflation on should-bloat federal tax receipts by just over \$2 billion, leaving the fiscal 1979 budget deficit \$6.3 billion above the \$38.7 billion projected before.

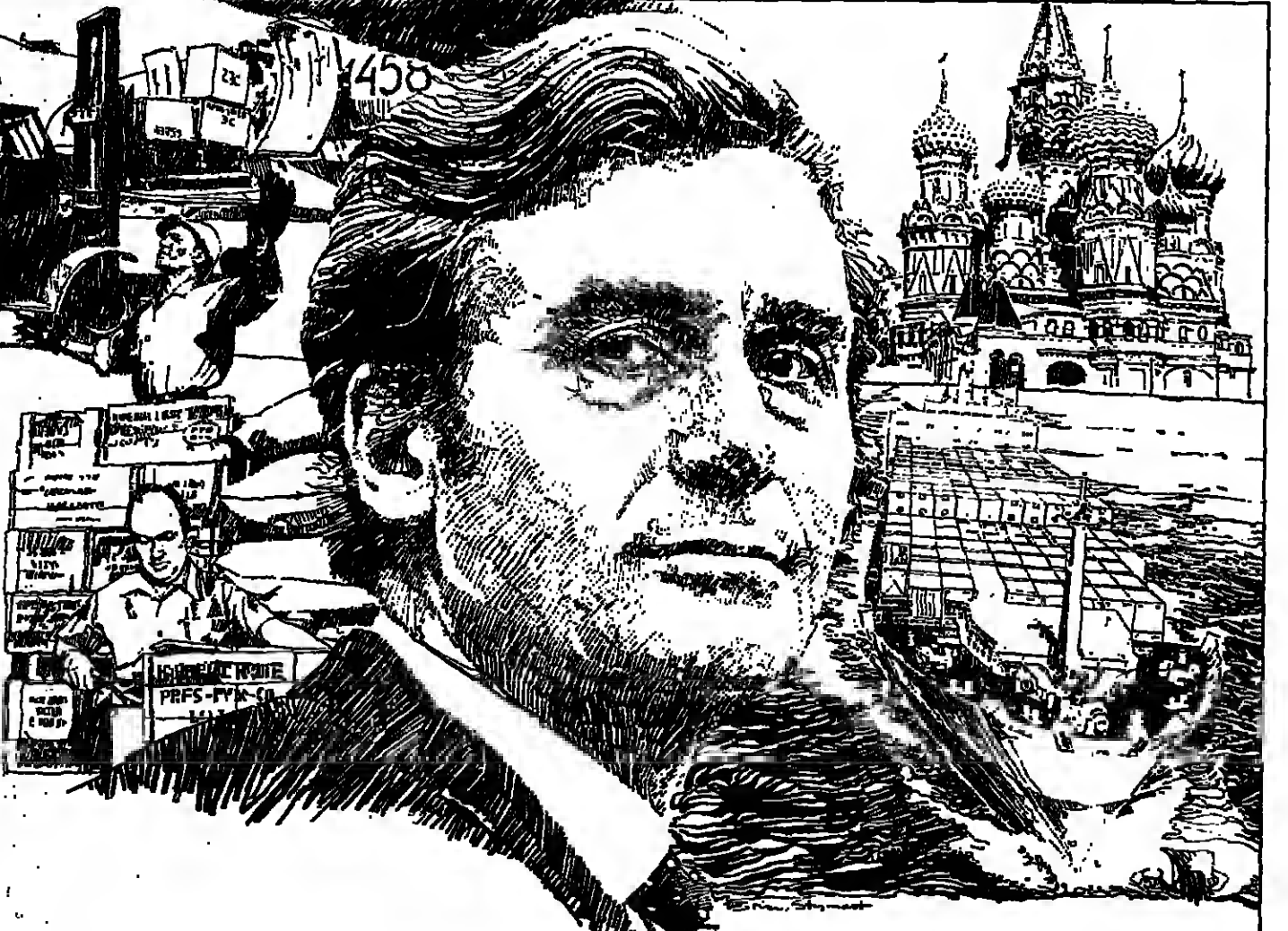
Oxy Pete Drops Its Bid for Mead

LOS ANGELES, Dec. 21 (UPI) — Occidental Petroleum Corp. has dropped its \$1-billion bid to take over Mead Corp. because of the "ferocity" of Mead's opposition and the likelihood of lengthy court battles.

Occidental said the strong fight by Mead executives to stave off its proposed tender offer had convinced it that "cooperation is unobtainable." It added that even if Occidental is successful in court, the trials and appeals "could stretch over many months." Both Mead and the Justice Department had filed antitrust actions to block the Occidental takeover bid.

Ireland Endorses EMS

DUBLIN, Dec. 21 (Reuters) — The Irish parliament today endorsed the government's decision to join the European Monetary System from its inception on Jan. 1. Voting was 77-13 in favor, with the main opposition party Fine Gael abstaining.



The man with exceptional goals needs an exceptional bank.

What makes Trade Development Bank exceptional? To start with, there is our policy of concentrating on things we do unusually well. For example, trade and export financing, foreign exchange and bank notes, money market transactions and precious metals.

Geographically, too, we work mainly in areas where we have something special to offer. This includes the U.S.A. (our U.S. affiliate, Republic National Bank of New York, is now one of America's 50 largest banks). It also includes a number of

countries which, frankly, many other banks lack the first-hand knowledge to tackle properly.

What's more, we keep our back-office systems running abreast of our business. You may not notice this directly, but it shows up in quicker decisions and fewer errors.

Serving our clients well has helped us grow uncommonly fast. Today, we're big enough to provide most of the sophisticated facilities of the international banking giants — but lean enough not to keep you waiting for decisions.

As part of the Trade Development Bank Holding Group, we're ready to serve you in most of the world's financial centers.

TDB Holding Group: US\$ 4.8 billion in assets; US\$ 457.8 million in capital and loan funds employed, as of 30th June, 1978.

Key Group offices: Geneva, London, Paris, New York (Republic National Bank of New York). Other offices in Beirut, Bogotá, Buenos Aires, Caracas, Chiasso, Frankfurt, Luxembourg, Mexico City, Montevideo, Nassau, Panama City, Rio de Janeiro, São Paulo, Tokyo.

Trade Development Bank

Shown at left, new head offices of Trade Development Bank, Geneva. Swiss subsidiary of the Trade Development Bank Holding Group. TDB is now the sixth largest commercial bank in Switzerland.

NYSE Trading Closing Prices December 21

12 Month Stock										12 Month Stock										12 Month Stock										12 Month Stock									
High Low Div. In 5 Yld. P/E 100s.										High Low Div. In 5 Yld. P/E 100s.										High Low Div. In 5 Yld. P/E 100s.										High Low Div. In 5 Yld. P/E 100s.									
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Close										Close										Close										Close									
12 Month Stock										12 Month Stock																													

Pension Funds Enter 1979 With Record Cash Reserves

(Continued from Page 7)

holdings has been shortened significantly.

• Cash reserves held for stock purchases continue high: 14 percent of a fully invested position. About 18 percent of the managers have 25 percent or more of their equity money in reserves.

• A rough extrapolation of the surveys figures suggests holdings reserves of \$26 billion for stocks and \$23 billion for fixed-income securities to supplement \$44 billion of net cash flow expected in 1979.

• The money managers who stocks or bonds, the pension funds' impact of the markets is likely to be much larger than for the wider range of moves," Bache says.

It estimates that pension-fund assets will total about \$450 billion by year-end, consisting of \$200 billion in private noninsured pension funds, \$140 billion in state and municipal pension money and about \$110 billion in private pension funds.

If pension funds choose to invest both their cash flow and a big part of their cash reserves next year, they will have to purchase some of their securities from other long-term investors.

"This supply-demand picture suggests the potential for increased volatility in both the stock and bond markets," Bache asserts.

Although reserves for stock purchases were 8.5 percent of the pension funds' total assets, they were 14.1 percent of a fully invested equity position. The banks held 7.3 percent of pension assets in cash for investment in common stocks. The banks indicated that they have earmarked 62.2 percent of total assets for stock investments, but that 11.7 percent of that amount was kept in cash. Thus the banks had invested 88.3 percent of the allocation.

For fixed-income securities, banks have invested only slightly above 80 percent of the amount targeted. Investment counselors were 73 percent invested, and insurance companies and in-house managers about 90 percent.

According to Bache, the figures suggest that money managers were more aggressive in the market timing of their fixed-income portfolios than of their equity portfolios.

Wall St. Prices Narrowly Higher; Factory Orders Off; M-1 Declines

said market timing had become a more important part of their investment strategy than it was a year ago.

Managers say that client pressure to reduce equity holdings has moderated and that actual holdings of stocks are below the maximum with which clients feel comfortable.

Overall, there appears to have been a slight change in investment policy toward lower equity ratios in "balanced" pension fund accounts.

In a more volatile and cautious environment, particularly following the announcement by the Organization of Petroleum Exporting Countries of a higher-than-expected 14.5-percent price increase, the pension funds may assume an even more defensive market position for some time.

The survey suggests that with about \$90 billion available for investment in either

(Continued from Page 7)

Aminolul and Exxon will share expenses for the second week.

Exxon said directors voted to raise the quarterly dividend to 45 cents from 40 cents a share, payable April 1, record March 15.

Dictaphone Corp. said directors approved in principle an agreement to merge with Pitney-Bowes Inc. The agreement provides that Pitney-Bowes will receive 100 shares for up to 2 million shares of Dictaphone common stock for \$28 a share cash. It also provides that Pitney-Bowes will acquire the rest of Dictaphone's common stock for shares of a new issue of convertible preferred stock. Each preferred share will be valued at \$28 and will be convertible into shares of Dictaphone common stock, said Dictaphone chairman, J. W. Pittney. Dictaphone gained 5% to 25%. Pitney slipped 1/4 to 23%.

Mead Corp., which is no longer a takeover target of Occidental Petroleum, estimated that fourth-quarter earnings per share on a fully diluted basis will be up 45 percent to 50 percent from the 80 cents reported in the 1977 final period. Shares earnings for the full year on a fully diluted basis will be up about 27 percent from the 1977's \$3.41 a share. Mead lost 1/2 to 23% and Occidental added 3/4 to 16%.

Prices on the American Stock Exchange also rose, with the market-value index up 0.94 point to 148.34.

In Chicago, wheat and oats were irregularly lower, corn fractionally lower and soybeans closed at the close on the Board of Trade.

Wheat was off 1 to 3/4 cents; corn unchanged to off 3/4; oats off 1/4 to 2 and soybeans off 3 to up 3 cents.

dedicated their average maturities ran as short as five to seven years, Bache says.

Toshiba to Suspend Color TVs for U.S.

TOKYO, Dec. 21. (AP)—Toshiba Corp., Japan's second largest manufacturer of general electric equipment, said today it has halted exports of color television sets to the United States because of high taxes and the yen's rise against the dollar. Instead, it will double production capacity of the Memphis plant from the present 15,000 units a month.

Meanwhile, Sony Corp. announced it will build a videotape recorder manufacturing plant in Parana, Brazil, in a joint venture with a Brazilian electric company.

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Semiannual report from Sumitomo Bank

The Sumitomo Bank's profitability showed an upward trend in all major areas of the bank's activities for the fiscal term ending September 30, 1978.

Business increases

Stockholders' equity rose to ¥337.7 billion (U.S.\$1,783 million), and a per share dividend of ¥2.5 (10 percent per annum) was declared to the bank's stockholders. Deposits for the term were up 4.4 percent, reaching ¥8,547 billion (U.S.\$45,127 million). Loans rose to ¥6,832 billion (U.S.\$36,074 million), up

3.1 percent, and securities held increased to ¥1,611 billion (U.S.\$8,508 million).

International activities

The bank conducted brisk activities abroad. Throughout the term, the bank emphasized management efficiency and employee productivity at all of its offices overseas. The Seoul Representative

Office was opened on September 6, 1978.

Outlook for 1979

The severe business environment is expected to continue well into 1979. The Sumitomo Bank will meet the challenges of the next fiscal term, utilizing its resources and experience to work on behalf of stockholders and customers.

The Sumitomo Bank Limited Condensed Balance Sheet

		(As of Sept. 30, 1978)	
Assets			
		In thousands of Yen	In thousands of U.S. Dollars
Cash and Due from Banks		1,320,727,169	6,973,216
Call Loans		76,705,772	404,994
Securities		1,611,375,973	8,507,793
Loans and Bills Discounted		6,832,336,305	36,073,581
Foreign Exchanges		464,344,793	2,451,662
Domestic Exchange Settlement a/c, Dr.		180,555,213	953,301
Bank Premises and Real Estates		129,708,154	684,837
Other Assets		56,244,103	296,960
Customers' Liabilities for Acceptances and Guarantees		1,068,163,013	5,639,720
Total		11,740,160,495	61,986,064
Liabilities			
		In thousands of Yen	In thousands of U.S. Dollars
Deposits		8,547,074,652	45,127,110
Call Money		365,588,472	1,930,245
Borrowed Money		742,774,226	3,921,722
Foreign Exchanges		106,825,907	564,023
Domestic Exchange Settlement a/c, Cr.		165,220,243	872,335
Accrued Expenses		148,554,165	784,341
Unearned Income		42,673,591	225,309
Other Liabilities		42,218,543	222,909
Reserve for Possible Loan Losses		91,662,454	483,962
Reserve for Retirement Allowances		51,749,658	273,229
Other Reserves		25,397,155	134,093
Acceptances and Guarantees		1,068,163,013	5,639,720
Capital (Paid-up)		89,100,000	470,433
Legal Reserves		20,644,503	108,999
Other Surplus		213,010,000	1,124,657
Undivided Profit		19,503,913	102,977
Total		11,740,160,495	61,986,064

(U.S.\$1=~~8~~189.40 as of Sept. 29, 1978)



Sumitomo Bank

London, Düsseldorf, Brussels, Vienna,
New York, Chicago, San Francisco, Seattle, Houston, Hong Kong, Singapore, Jakarta, Seoul,
Sydney, Mexico City, Beirut, Tehran, Cairo



Banque Nationale d'Algérie

U.S. \$25,000,000

Floating Rate Notes 1985

The Nomura Securities Co., Ltd.

Banque Nationale de Paris, Singapore Branch	Sanwa Bank (Underwriters) Limited
Arab-Malaysian Development Bank Berhad	Dai-Ichi Kangyo Bank Nederland N.V.
Dresdner (South East Asia) Limited	Hessische Landesbank-Girozentrale
Inter-Alfa Asia (Singapore) Limited	LTCB Asia Limited
Manufacturers Hanover Asia, Limited	Merrill Lynch International (Asia) & Co.
Singapore-Japan Merchant Bank Limited	Singapore Nomura Merchant Banking Limited
Société Générale, Hong Kong Branch	Takuojin International (Asia) Limited

ABN Finance Limited	DBS-Dalwa Securities International Limited	IBJ Finance Company (Hong Kong) Limited
Indosuez Asia Limited	International Credit Alliance Ltd.	Morgan Grenfell (Asia) Limited
The Nippon Kangyo Kakumaru (Asia) Limited	Nomura International (Hong Kong) Ltd.	Okasan International (Asia) Ltd.
Schroders & Chartered Limited	Sun Hung Kai International Limited	Trident International Finance Limited
		Wardley Limited

20th December, 1978

